



STATE BOARD OF EQUALIZATION
PROPERTY AND SPECIAL TAXES DEPARTMENT
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Executive Director

CAO 2006/017

October 4, 2006

TO COUNTY ASSESSORS ONLY:

VALUATION FACTORS PROJECT

Letter To Assessors 2006/028 announced the commencement of a project to conduct studies to develop valuation factors for biopharmaceutical equipment and fixtures, non-production computers, and semiconductor manufacturing equipment. A meeting was held on August 7, 2006 to advise interested parties of the proposed scope of these studies. At this meeting, it was agreed that the studies will be conducted by three teams:

- Semiconductor Manufacturing Equipment
- Non-production Computers
- Biopharmaceutical Equipment and Fixtures

Team members have been selected and each team consists of Board staff, two individuals from industry, and two individuals from county assessors' offices. Each team had kick-off meetings that included discussions of the definition of equipment to be included in the study, project timeline, confidentiality of information, and collection of data. We are now in the process of collecting data from various sources.

We are requesting your cooperation in identifying biopharmaceutical and semiconductor companies in your jurisdiction and supplying to us the following:

1. Business property statements for lien dates 2000-2006
2. Assessment appeal files dating back to lien date 2000
3. Audits dating back to lien date 2000
4. Leased equipment schedules for each company listing equipment leased between the 1999 and 2006 lien dates. The schedules should include all the information requested on Part III of the 571-L Business Property Statement. Additionally, please include, if available, the date the lease started, lease termination date, and disposition of asset upon termination of lease (e.g., sold to lessee or returned to lessor). See Attachment A example.
5. Valuation studies and other relevant information

We are also requesting that you supply to us, if available, non-production computer sales data along with supporting documentation for historical cost and sales price, titles of pricing guides and blue books that your county references, computer valuation studies, and other relevant

information. Sales data should be for sales of used computers that took place in calendar years 2005 and 2006 and should include the following information:

1. Description, include as much detail as possible
2. Historical cost
3. Sales price and date of sale
4. Original date of acquisition or date manufactured
5. Nature of the sale (e.g., liquidation, sale of leased equipment, sale from going concern and sale from dealer)

Please provide the information on a spreadsheet and attach supporting documentation. In order to process the data efficiently, please follow the spreadsheet format in the Attachment B example.

The studies are being funded through additional budget authority received by the Board pursuant to the adopted 2006-07 state budget, and we anticipate that these studies will be conducted over the next two years. Due to the time constraint involved with completion of these three studies, we respectfully ask that you forward the requested documents for the biopharmaceutical and semiconductor companies by November 8, 2006, and the non-production computer information by December 1, 2006.

We appreciate your cooperation and anticipate that our shared efforts will result in successful studies. If you have any questions, please contact Mr. Mike Harris at 916-324-2306 or mike.harris@boe.ca.gov, or Mr. Isaac Cruz at 916-323-2146 or isaac.cruz@boe.ca.gov.

Sincerely,

/s/ David J. Gau

David J. Gau
Deputy Director
Property and Special Taxes Department

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Enclosures

ABC COUNTY

EXAMPLE OF LEASED EQUIPMENT SPREADSHEET

DESCRIPTION	*TAX OBLIGATION	YEAR OF ACQ.	YEAR OF MFR.	COST TO PURCHASE NEW	ANNUAL RENT	YEAR LEASE STARTED	YEAR LEASE TERMINATED	DISPOSITION OF EQUIPMENT

* NOTE: For Tax Obligation, indicate A for Lessor or B for Lessee

ABC COUNTY

EXAMPLE OF SALES DATA SPREADSHEET

DESCRIPTION	REF.	HISTORICAL COSTS	ACQ/MFG DATE	TYPE OF SALE	REF.	SALES PRICE	DATE OF SALE
Old Apple Computer	PG. 1	\$3,000	2002	GOING CONCERN	PG. 2	\$698.00	2006
OLD HP	PG. 3	\$1,750	2002	LEASE	PG. 4	\$450.00	2006